

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8001

BILL NUMBER: HB 1992

DATE PREPARED: Jan 24, 1999

BILL AMENDED:

SUBJECT: Motor Vehicle Excise Tax collections.

FISCAL ANALYST: Bob Sigalow

PHONE NUMBER: 232-9859

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the Motor Vehicle Excise Tax is due and payable to the county treasurer in two installments coinciding with the semiannual installments of property taxes. It establishes payment procedures for vehicle owners who do not pay property taxes.

The bill provides that in the case of a vehicle that has been acquired or brought into the state, or for any other reason becomes subject to registration, the tax is due and payable to the county treasurer of the county of the owner's residence at the time the vehicle is acquired, brought into the state, or otherwise becomes subject to registration. It also makes conforming amendments.

Effective Date: January 1, 2000; January 1, 2001; March 1, 2001.

Explanation of State Expenditures: The BMV's expense for collecting excise tax would be reduced under this bill. However, the new administrative requirements would increase state expenditures. The BMV would be required to provide each county auditor with all information or assistance necessary to perform the excise calculations. The BMV would be required to develop the capacity to interface the Bureau's computers with the county treasurers to verify excise payment before a vehicle could be registered. Also, the State Tax Board would establish collection procedures.

The Bureau of Motor Vehicles is funded from the state Motor Vehicle Highway Account and the State Tax Board is funded through the state General Fund.

Explanation of State Revenues: Under current law, motor vehicle excise tax is paid at the same time as the vehicle is registered with the Bureau of Motor Vehicles (BMV). The BMV deposits the tax directly into the County's accounts after retaining an \$0.85 fee for each excise tax collection. There were 4.5 million excise taxable vehicles in Indiana in 1997. If the number of vehicles is similar in 2001, the Bureau of Motor Vehicles Commission would lose about \$3.8 million.

Explanation of Local Expenditures: County treasurers would face increased expenditures under this proposal.

Explanation of Local Revenues: Under this proposal, the county treasurer would collect motor vehicle excise tax in two semiannual installments each year. The collections would be made along with property taxes by May 10 and November 10 each year. Vehicle owners could register their vehicles after paying the first installment of excise tax.

Credits, allowances, and charges for partial year excise tax would be discounted at a rate of 8.3% per month rather than the current 10%.

State Agencies Affected: Bureau of Motor Vehicles; State Tax Board.

Local Agencies Affected: County Treasurers.

Information Sources: *1997 Annual Registration Statistics*, BMV.